

AR51



A handwritten signature in black ink, consisting of stylized, cursive letters that appear to be "JL".

1976  
Annual Report

Dynamic Mining Exploration Ltd.

(No Personal Liability)







---

## TO THE SHAREHOLDERS

---

I am pleased to present the Annual Report of the Company together with the financial statements for the year ended December 31, 1976.

Dynamic Mining has a 14.1% working interest in 2,451 mineral claims and two prospecting permits covering approximately 288,000 acres in the Baker Lake area of the Northwest Territories. 2,063 of these claims and the two prospecting permits are covered by a farmout agreement with Cominco Ltd. entered in late 1974. Cominco were committed to spend a minimum of \$500,000 per year for the first two years and then \$400,000 per year thereafter to maintain the farmout in good standing. Upon having spent \$2,000,000 Cominco will earn a 10% interest in the property and as further expenditures are made their interest increases to the point where they have spent \$5,000,000 and have earned a 55% working interest in the prospect.

In 1975 and 1976 Cominco spent approximately \$1,750,000 on diamond drilling, geophysical and geochemical surveys and geological mapping. Three anomalies were tested by approximately 3,000 meters of diamond drilling. Results confirm geologic concepts held by our consultants and indicate that the property warrants further exploration and should be drilled to greater depth in an attempt to locate the source of the mineralization, which in some cases has been spectacular.

Cominco have renewed their option on the ground for 1977 but because of their reduced commitment to the Northwest Territories and other factors it is expected that expenditures will be the minimum required to maintain the property in good standing. Diamond drilling to-date indicates mineralized zones containing in excess of 3,000,000 pounds U308. It is our opinion that the property could yield swarms of such mineralized structures containing 1mm to 6mm pounds U308 per structure. Marathon Energy Inc. through their wholly owned subsidiary Pan Ocean Oil Ltd. will be operating a geological reconnaissance program on our 388 claims at Baker Lake which are held outside of the Cominco agreement. Work is expected to commence about July 15.

The Company participated as to a 12½% working interest in a gas well drilled on the Eastern limits of the Donalda gas field in central Alberta. Equipment failure during completion resulted in well bore damage and to-date we have been unable to produce the well at rates considered to be economic. The well is currently capped and undergoing an engineering review in an attempt to solve the problems and produce the well at rates in excess of the 400,000 cubic feet per day produced on extended tests. In the past year the Company evaluated over 30 P & NG prospects. Most were considered too high a risk or too far from production to warrant depletion of our limited working capital.

Dynamic Mining was incorporated in 1969 under the Quebec Mining Companies Act. All of the Company's assets are in the Northwest Territories of Canada or in the Province of Alberta and the Executive offices and Directors are based in the City of Calgary. The Directors of Dynamic Mining believe that it is in the best interests of all shareholders to reorganize the Company in order that the Company in all respects be relocated under the jurisdiction of the Province of Alberta.

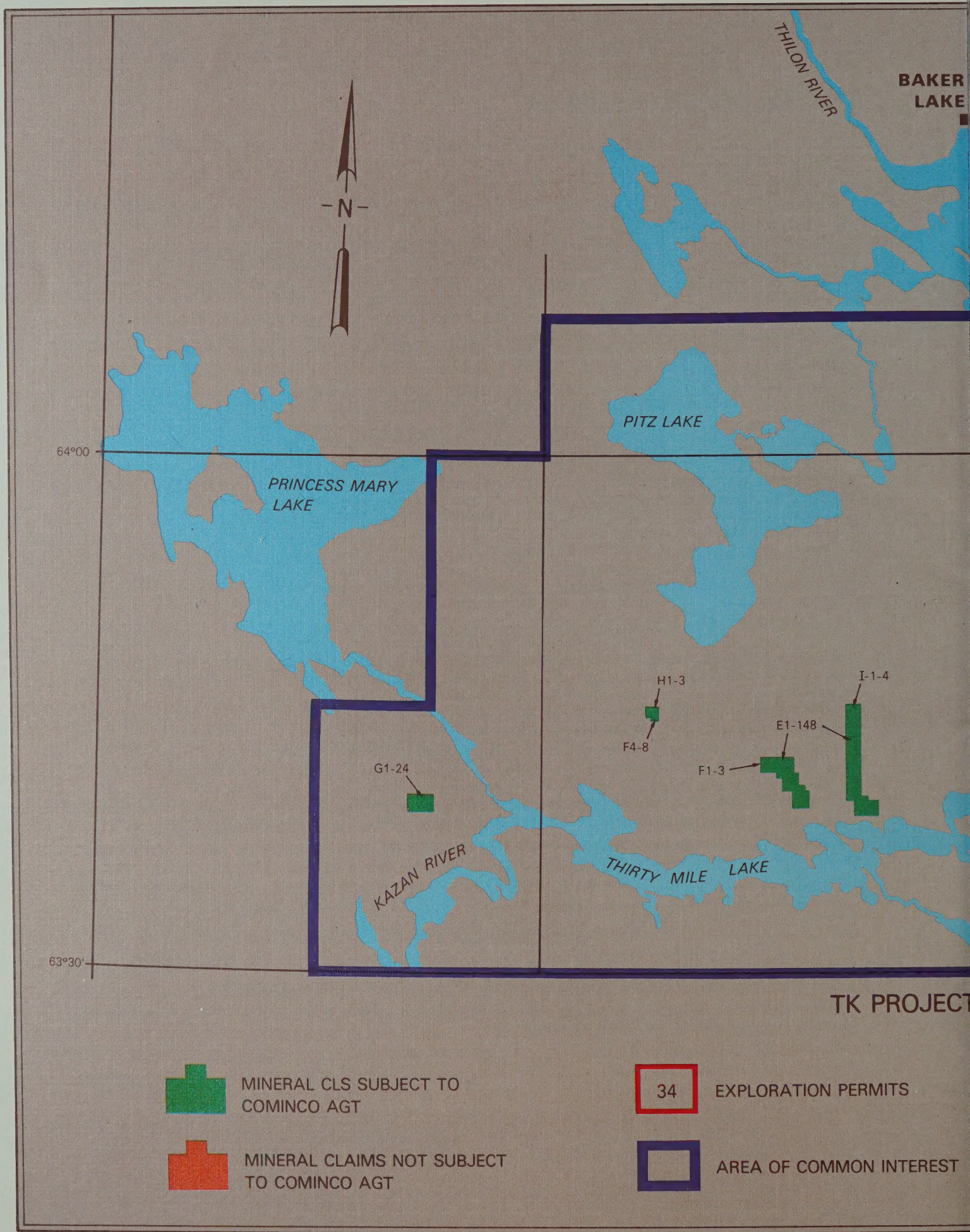
In that regard an Alberta Company, Dynamic Energy Resources Ltd. has been incorporated. Dynamic Energy is a mirror company to Dynamic Mining, identical in all material respects with the exception that the Company will be governed by the laws of the Province of Alberta. It is anticipated that shareholders will shortly be offered the opportunity to exchange their shares in Dynamic Mining for shares in Dynamic Energy on a one for one basis. It is imperative that 90% of the shareholders accept any such offer in order to successfully effect such a reorganization. Assuming the success of such an offer, Dynamic Mining would be wound up and all of the assets and liabilities of the Company would be transferred to Dynamic Energy. There would be no adverse tax consequences to either the Company or its shareholders arising from this method of reorganization.

Shareholders are invited to attend the Annual and Special General Meeting of the Company to be held in Montreal on the 30th day of May, 1977.

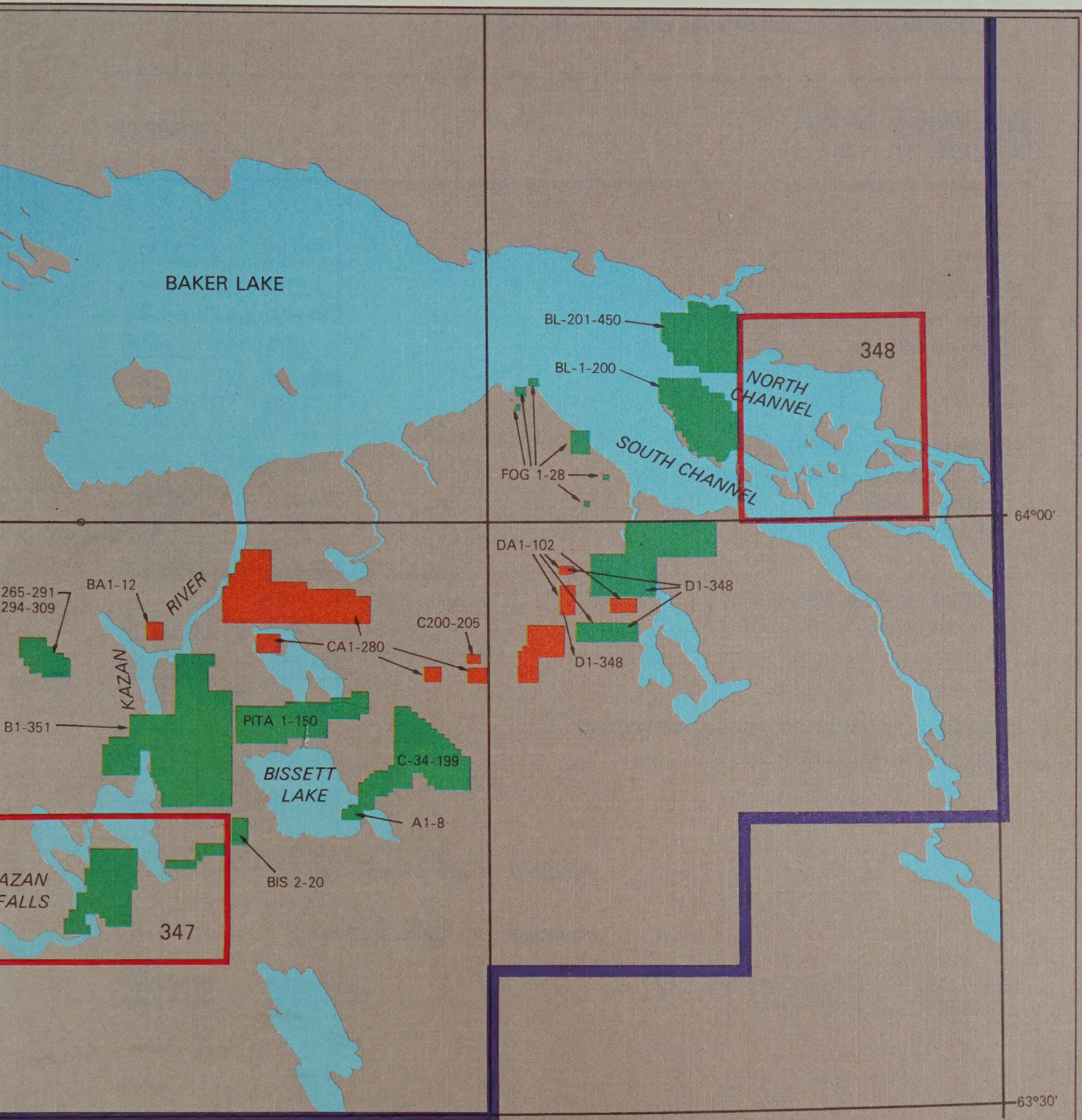
Respectfully submitted on behalf of the Board

Gordon R. Travis,  
President.







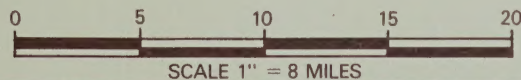


BAKER LAKE)

**DYNAMIC MINING EXPLORATION LTD.**

(No Personal Liability)

## LAND HOLDINGS BAKER LAKE AREA N.W.T.





## BALANCE SHEET

DECEMBER 31, 1976

## ASSETS

	<u>1976</u>	<u>1975</u>
<b>CURRENT ASSETS</b>		
Cash and short-term deposits .....	\$108,181	\$ 62
Prepaid expense .....	<u>319</u>	<u>319</u>
	108,500	381
 <b>PROPERTY AND EQUIPMENT</b>		
Non-producing property interest, at cost		
Mineral (note 2) .....	325,000	325,000
Petroleum .....	<u>17,644</u>	<u>17,876</u>
	342,644	342,876
Office furniture, at cost less accumulated depreciation .....	<u>2,105</u>	<u>2,853</u>
	<u>344,749</u>	<u>345,729</u>
 <b>DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES .....</b>	<u>426,149</u>	<u>411,280</u>
	<u><u>\$879,398</u></u>	<u><u>\$757,390</u></u>

## LIABILITIES

	<u>1976</u>	<u>1975</u>
CURRENT LIABILITIES		
Accounts payable .....	\$ 2,500	\$110,143
Due to shareholder .....	<u>—</u>	<u>37,305</u>
	<u>2,500</u>	<u>147,448</u>


## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (note 3)

Authorized		
10,000,000 Common shares, par value \$1 each		
Issued for cash		
650,025 shares at par value		
(1975 - 600,025 shares) .....	650,025	600,025
<u>2,530,005</u> shares at discount		
(1975 - 2,000,000 shares) .....	<u>600,003</u>	<u>335,000</u>
<u>3,180,030</u> .....	1,250,028	935,025
DEFICIT .....	<u>(373,130)</u>	<u>(325,083)</u>
	<u>876,898</u>	<u>609,942</u>

Approved by the Board:

 Director

 Director

<u>\$ 879,398</u>	<u>\$757,390</u>
-------------------	------------------



## STATEMENT OF DEFICIT

YEAR ENDED DECEMBER 31, 1976

	1976	1975
Deficit at beginning of year .....	\$325,083	\$325,083
Write-off of deferred expenditures .....	30,171	—
Abandonment of non-producing petroleum interest .....	17,876	—
DEFICIT AT END OF YEAR .....	<u>\$373,130</u>	<u>\$325,083</u>

## STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES

YEAR ENDED DECEMBER 31, 1976

	1976	1975
Exploration and development on mineral properties .....	\$ 5,245	\$ 5,734
Travel and promotion .....	1,929	6,854
Interest .....	3,440	7,308
Legal, audit and accounting .....	11,569	30,297
Rent, telephone and secretarial services .....	11,969	12,460
Salaries and employee benefits .....	228	30,309
Shareholder information .....	8,992	3,788
Transfer and stock exchange fees .....	5,623	6,709
Miscellaneous .....	2,018	1,653
Depreciation .....	748	748
	<u>51,761</u>	<u>105,860</u>
Interest earned .....	6,721	600
Increase in deferred expenditures .....	45,040	105,260
Write-off of deferred expenditures .....	30,171	—
	<u>14,869</u>	<u>105,260</u>
Deferred expenditures at beginning of year .....	411,280	306,020
DEFERRED EXPENDITURES AT END OF YEAR .....	<u>\$426,149</u>	<u>\$411,280</u>



---

## STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1976

---

	<u>1976</u>	<u>1975</u>
WORKING CAPITAL DERIVED FROM		
Issue of capital stock.....	<u>\$315,003</u>	<u>—</u>
WORKING CAPITAL APPLIED TO		
Deferred exploration, development and other expenditures, net of depreciation.....	44,292	\$104,512
Additions to petroleum properties.....	17,644	230
Additions to office furniture.....	<u>—</u>	<u>3,046</u>
	<u>61,936</u>	<u>107,788</u>
INCREASE (DECREASE) IN WORKING CAPITAL.....	253,067	(107,788)
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR.....	<u>(147,067)</u>	<u>(39,279)</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR.....	<u>\$106,000</u>	<u>\$(147,067)</u>

---

## AUDITORS' REPORT

---

To the Shareholders of  
Dynamic Mining Exploration Ltd.  
(no personal liability)

We have examined the balance sheet of Dynamic Mining Exploration Ltd. (no personal liability) as at December 31, 1976 and the statements of deficit, deferred exploration, development and other expenditures and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The recovery of deferred expenditures and the cost of non-producing property interests is dependent upon developing economic operations (see note 1).

In our opinion, subject to the recovery of costs referred to in the preceding paragraph, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1976 and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta  
January 18, 1977

THORNE RIDDELL & CO.  
Chartered Accountants



## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1976

### 1. ACCOUNTING POLICIES

- (a) The costs of non-producing mineral interests are capitalized by area of interest when acquired. When all claims in an area of interest are surrendered, the cost of the properties and the related deferred exploration development and other expenditures are written-off to deficit.
- (b) The costs of petroleum interests are capitalized when acquired and written-off to deficit when surrendered.
- (c) Since the activities of the company are in the exploration stage, accumulated expenditures of \$426,149 have been deferred with the intention that they be amortized against income from future mining and petroleum operations. The recovery of these costs is therefore dependent upon developing economic operations.

### 2. NON-PRODUCING MINERAL PROPERTIES

During 1975 the company entered into a farmout agreement whereby Cominco Ltd. can earn an interest in non-producing mineral property in which the company has a 14.1% working interest. Cominco Ltd. must spend a minimum of \$2,000,000 to earn a 10% interest in the entire property. The earned interest increases to a maximum of 55% by expenditures of \$5,000,000.

### 3. CAPITAL STOCK

During the year the company issued capital stock as follows:

	Consideration
50,000 shares for cash by private placement	\$ 50,000
530,005 shares for 50c cash per share and in exchange for 5 rights per share, which rights had been issued to shareholders of the company at February 27, 1976 and expired April 8, 1976	265,003
<u>580,005</u>	<u>\$315,003</u>

### 4. STATUTORY INFORMATION

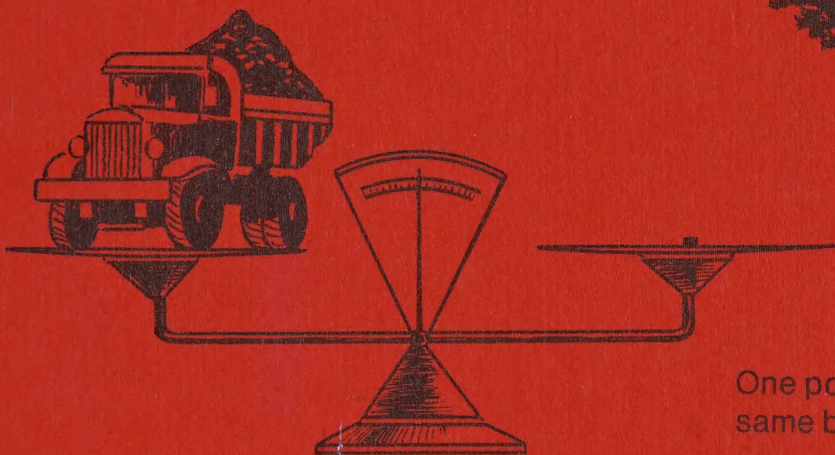
Direct remuneration paid during the year to directors and senior officers totalled \$2,800 (1975 - \$31,950).



# URANIUM

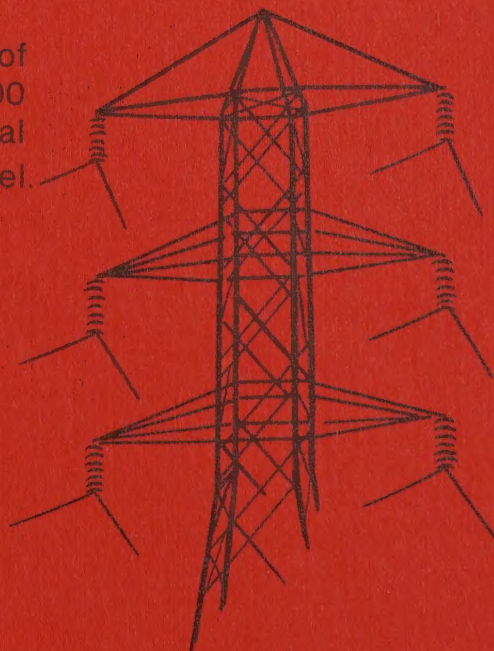
## Energy for Tomorrow

Good thermal contains about 25 million btu's per ton.



One pound of uranium contains the same btu's as ten tons of coal.

To produce 7,500 kilowatt hours of electricity you would need 5,000 pounds of coal or 1 single gram of nuclear fuel.



This gram would run your TV for over 4 years.





